

**Concurrence of Commissioner Mark J. Ferron on Item #46 (D.12-08-044)**  
**Decision on Large Investor-Owned Utilities' 2012-14 Energy Savings Assistance**  
**(ESA) and California Alternate Rates for Energy (CARE) Applications**

Overall, I believe the revisions to the PD made over the last few weeks have been positive, and that I agree that we should move forward with this Decision today. I would like to focus my remarks on future cycles of these programs and how we can get there from here.

First off, I would like to be clear that I support whole-heartedly both bill relief and targeted energy efficiency programs for low-income consumers. These are critical public-purpose programs and they must remain a cornerstone of the services that our energy utilities provide.

But I do have concerns about certain program design elements. There are some areas that we should look at carefully while the current programs are running in order for us to be ready for possible improvements in the future.

Based on my further review of the CARE subsidy, I seriously question whether we are targeting the right overall objective. In the past, the Commission has focused on the program's overall participation level as a key Program Target, adopting a goal of 100% participation by 2020. It seems that as we push beyond 90% participation and approach the 100% participation goal, the incidence of ineligible participants in the program goes up. We need to balance the societal benefits of maximizing the number of eligible participants against the excessive costs of having too many ineligible participants. I think that we need to more closely examine this going forward. The truth is, we just do not know if the benefits of pushing for wider enrollment justify the growing costs associated with this subsidy. And we should know this.

I am particularly concerned that we monitor and effectively use the data that we are ordering the IOUs to track in this Decision. The Decision provides three opportunities for us to ensure that we are being good stewards of the public dollar: 1) the Initial Enrollment Stage, which requires limited documentation of the customer's eligibility, or in the case of so-called self-certified participants, no documentation at all; 2) the Re-Certification Stage, which requires the customer to document - or in the case of self-certified customers, to attest to - their continued eligibility and 3) the Post-Enrollment

Verification process, by which the IOUs monitor changes in eligibility between verification cycles and obtain data for use in improving the accuracy of customer enrollments.

In this decision, we order the utilities to improve their current probabilistic sampling and modeling efforts. We instruct them to track, monitor and report on their Post-Enrollment Verification activities. They will spend the next year refining their models and the following year deploying the improved models. The IOUs' data should provide us with a clearer sense of the population of all participating customers by the end of this program cycle.

It is my hope that we will have a better understanding of the statistical profile of both eligible and non-eligible customers relative to the entire population, which will inform future decisions in time for the next application cycle. I am particularly concerned that we understand the impact of allowing customers to enroll and to continue to participate by means of self-certification alone. I am hopeful that through a robust and scientific verification process, we will have high confidence that our programs are readily accessible to those who are truly eligible for assistance, and yet have adequate safeguards against ineligible participation.

Turning to the Energy Savings Assistance Program, the PD identifies the main issues that are still pending, but it is unclear to me how these issues will be resolved in a timely fashion. For example, the PD identifies many unresolved multi-family issues, in particular landlord/tenant matters, as needing further work. These are complex issues affecting consumers of all income levels and, as Assigned Commissioner for the main EE proceeding, I intend to follow this work very closely.

Secondly, we need a better strategy for dealing with the ineligibility of certain high energy users in the ESA program. This disconnect between the CARE program and the ESAP eligibility rules seems to be a missed opportunity for energy savings and is not the best use of the CARE subsidy dollar. These customers, who are 400% above baseline, are paying way too much for electricity, even with bill assistance,. Rather than an ongoing outlay of a bill subsidy through CARE, I would much rather see *aggressive* energy efficiency deployed.

An additional strategy not explicitly mentioned in the PD is a greater emphasis on behavior based programs which are customized for the low income community. For example, in the mainstream EE program, we see Energy Usage and Behavioral companies like OPower use comparison data to promote behavior change and hence energy savings - - by showing people how much money their neighbors are saving, and how they are doing so. I see a lot more opportunity to utilize this approach in the low-income community, perhaps with a partnership between Energy Behavioral specialist and Community Based Organizations. I am convinced that this approach will result in verifiable, additional, cost-effective savings on top of the physical measures discussed in the Decision. I could also imagine significant savings based on this approach from the high energy users who also consume a large share of the CARE subsidy.

Last, but certainly not least, I think that there are some conflicting guiding principles at play here. The Commission needs to ask itself if the main goal of the ESA program is A) to improve health, comfort and safety; B) to provide cost-effective energy efficiency savings; or C) to lower customers' bills beyond the CARE rate subsidy. While obviously we can have a program with multiple objectives, it is time to take a harder look at what we want from the Energy Savings Assistance Program and make certain that the program design aligns with our priorities.

My hope in sharing these thoughts on next steps is to help provide some guidance, both in the next part of this proceeding and also for future cycles. I wish to commend Commissioner Simon and to thank ALJ Kim and the staff who have worked hard on this decision.

Dated August 23, 2012 in San Francisco

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Mark J. Ferron

Commissioner